

FAX

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REMARKS: Urgent For your review Reply ASAP Please Comment

Charlie:

Attached are Quick Cat reports for Hess Marts and Co-Op's.

Also attached is a Quick Cat for Pick Kwik. It looks as if volume is beginning to slip as predicted. I've graphed the Chain's average weekly volume as well as individual manufacturers.

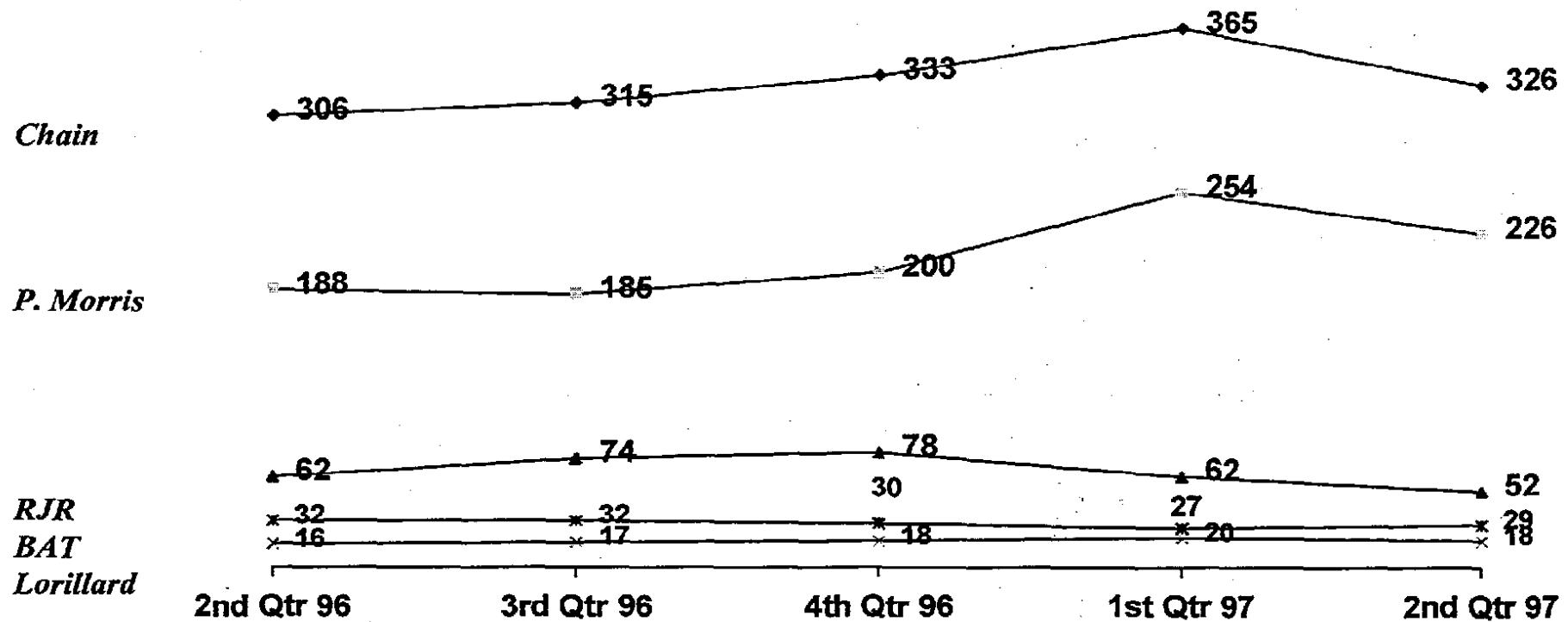
What is see is the classic PM Exclusive scenario starting to unfold....Category volume declines, as PM share rises.

We'll work with you on this situation. What you may want to consider is start Coexistence effective with the beginning of the 4th Quarter. This would give you a 6 month read.

Nick

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||||| Pick Kwik Average Weekly Carton Volume



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Pick Kwik

Average Weekly Carton Volume

2nd Quarter 1996-2nd Quarter 1997 (to date)

| <i>Time Period</i> | <i>Weekly Average Chain Cartons</i> | <i>Philip Morris Weekly Cartons</i> | <i>Philip Morris Share of Market</i> |
|---------------------------------------|---|---|--|
| <i>2nd Quarter 1996</i> | 306 | 188 | 61.5% |
| <i>3rd Quarter 1996</i> | 315 | 185 | 59.0% |
| <i>4th Quarter 1996</i> | 333 | 200 | 60.0% |
| <i>1st Quarter 1997</i> | 365 | 254 | 69.6% |
| <i>2nd Quarter 1997 (to date)</i> | 326 | 226 | 69.3% |

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